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Three Errors Seen in U. S. Attitude on Asia

If the American people are to formulate a sane, sound and statesmanlike policy in the Orient, we must, first of all, dispense with name-calling and open our eyes to the mistakes we have made in the past. Then we will be in a proper frame of mind to consider what can be done to foster developments that would redound to our own benefit as well as that of the peoples of Asia.

American Mistakes

We have made three fundamental errors which can, and must, be corrected.

First, we assumed that democratic governments comparable to ours could be easily established in countries of Asia, without internal turmoil and unrest. Until recently, we had hoped that a coalition government could be formed in China through cooperation between the Nationalists and the Communists. In Indonesia we had expected that the independence movement led by Sukarno would succeed overnight in establishing a stable democratic regime. In South Korea we have assisted the formation of what we regard as a democratic government which now faces a life and death struggle with the Communist regime in North Korea. We had not sufficiently taken into account the many difficulties that beset every people in Asia, which seeks at one and the same time to achieve independence from colonial rule by outside powers and internal democratization of ancient political, economic and social institutions. We have expected too much too soon.

Secondly, we assumed that the peoples of underdeveloped areas could throw off,

overnight, the administrative and technical assistance they had hitherto received from Western colonial powers without experiencing dislocations which further accentuate the chaos wrought in Asia by Japanese conquests. It comes as a surprise

A State Department committee headed by Philip C. Jessup, Ambassador at Large, and assisted by Raymond B. Fosdick, former president of the Rockefeller Foundation, and Everett N. Case, president of Colgate University, is at present re-examining American policy in Asia. In view of the great public interest in this subject, the Foreign Policy Association has invited several experts of differing points of view to present their ideas concerning the course the United States could or should follow toward Asia in the light of the conclusions presented in the White Paper on China. The second of these articles is published in the current issue.

to us to discover that the peoples of colonial territories now seeking to achieve independence want to use their natural resources, and such aid in the form of capital and technical advice as they can obtain from the West, as they see fit to meet their own needs. We have long urged national independence for colonial peoples. Yet we are surprised to find that, as these peoples achieve nationhood, they insist on asserting their national sovereignty.

Third, we assumed that our concept of

freedom, for which the English-speaking peoples have struggled over centuries, would prove a great blessing for the Asian peoples, and that the "liberation" of Asia would be a great achievement for the United States.

Why We Were Wrong

These three assumptions proved tragically mistaken because they called for the exercise of far greater political experience than the majority of peoples of the Orient have had an opportunity to develop until now. Where illiteracy runs as high as 90 per cent, as in China, Indonesia and Malaya, a democratic government in the sense we know it cannot yet exist. The difficult lessons of administering a democratic society will have to be learned over a long period of years. If so-called democratic regimes are set up without sufficient advance preparation and then break down, their downfall creates conditions of unrest favorable to seizure of power by the Communists, as we have seen in China and Burma. The same thing could happen in Indonesia unless the Republican government can receive the counsel of trained technicians and administrators.

No stable political institutions can exist unless there is a modicum of law and order. But once such a modicum has been achieved, it is essential, from the point of view of the United States, that whatever governments are formed in Asia should attempt to win at least the tacit consent, and if possible the active cooperation, of their respective peoples by undertaking to satisfy their aspirations for greater participation in the settlement of their own

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affairs and improvement in their living standards. Otherwise, even if the governments succeed in suppressing communism, unrest will continue and will sooner or later flare up into revolts.

The form of each government should reflect the character, the customs, the history and the abilities of the given people. There can be many degrees of democracy, autocracy and dictatorship, as well as degrees of assistance rendered by the colonial powers and by the United States during the period of transition from colonialism to national independence. The great mistake the Dutch made in Indonesia was to provide a highly efficient technical government without taking note of the aspirations of the Indonesian people. If they had done before the war what they have been forced by events to do since 1945 in promoting the government of East Indonesia, the Dutch East Indies as a whole would now be a happy and prosperous area. The East Indonesia government, with its capital at Makassar, has its own president and parliament, as well as a rapidly growing civil service drawn from the ranks of Indonesians. The British have succeeded in utilizing the talents of the native population in Singapore. What we have done in the Philippines is superb—but it is often forgotten that it took 45 years and a long military campaign to subdue banditry and rebellion in the islands.

Prospects for Point Four

The peoples of Asia have indicated lively interest in the possibility of obtaining technical assistance from the United States and other advanced nations in order to discover and develop the resources of

their jungle and mountain fastnesses. President Truman's Point Four recognizes the need for giving such assistance to underdeveloped countries and encourages private capital to enter such countries and promote their economic progress. This is a better approach to the problem than to entrust hundreds of millions, if not billions, of American taxpayers' dollars to local political administrators who, for the time being at least, lack the technical experience to carry out such undertakings successfully. Development of the resources of the Orient calls for the best scientific brains and technical skills in the world and for large aggregations of capital. But this task can be carried out with benefit to all concerned and, by taking into consideration the interests and welfare of native peoples, can answer their growing desire to mold the life of their own countries. For example, the personnel of the Standard-Vacuum Oil Company operating in Indonesia is 96 per cent Indonesian; 3.25 per cent Dutch and the balance American. All of the Indonesians employed by this company live on a level far above that of most of their fellow-countrymen and are rapidly assuming more and more important positions in the company's work.

Our all-embracing expectation of "freedom" or "democracy" in the Orient is beyond our ability to fulfill. These slogans, moreover, have been so abused in recent years that many Chinese, for example, believe that freedom and democracy are what the Communists are now giving or promising them. As a matter of principle, we must confine ourselves to limited objectives that we can achieve and maintain.

At the same time, we must recognize

that we are fighting a cold war in the Orient against Russia and communism. If we are to carry on this fight successfully, we must support President Li's Nationalist government of China by insisting that the division of authority which now exists between Li and Chiang Kai-shek must end, and by maintaining the Hainan-Formosa line. We should make it clear to the Indonesians that, while we sympathize with their aspirations, we must for the time being count on the Dutch to help maintain law and order. We must support the British in Singapore and Malaya, as well as Hong Kong, and the French in Indo-China. We should recognize the Nationalist sea-blockade of Communist China as legal, because it is effective.

We must stop assuming that we can buy off communism with millions of dollars. Instead, we should help governments friendly to us in Europe and Asia to restore stability by their own efforts, and then encourage them to strengthen their own position in colonial areas by promoting the participation of native peoples in political administration and economic activities. Democracy is not a cure-all. As Woodrow Wilson once said, it cannot be thrust upon a people; it has to be earned.

We must recognize that our western frontier is now in the Orient, and that we are there to stay. Good intentions alone will not do the job. We have to show some competence ourselves.

WILLIAM R. MATHEWS

(Mr. Mathews, publisher and editor of *The Arizona Star* of Tucson, Arizona, has just returned from a trip to Asia which included a visit to Indonesia with a group of American journalists arranged under the auspices of the Dutch government.)

Pound Devaluation Tests Role of Bank and Fund

WASHINGTON—The devaluation of the pound on September 18 by 30 per cent to \$2.80, following weeks of negotiations between the United States and Britain, demonstrates that the Western powers continue to reach decisions of fundamental importance to world trade and finance through conventional diplomatic channels.

The International Monetary Fund and the International Bank for Reconstruction and Development came into existence specifically to enable governments to cope on a joint basis with the kind of currency and trade problems which now disturb us. These agencies, however, are used primarily as a forum for the exchange of infor-

mation and opinion. This became clear at their fourth annual meeting held in Washington from September 12 to 16, during which neither institution took measures to alleviate world economic difficulties beyond receiving from Bank President Eugene Black the vague recommendation that countries with overvalued currencies should devalue them.

Basically the United States, as holder of more than one-third of the votes of the Bank and Fund, determines whether the institutions shall be inert or active, and the Truman Administration has been developing its foreign economic policy through other channels since their estab-

lishment on December 27, 1945. When President Roosevelt in February 1945 recommended that Congress authorize American membership in the Bank and Fund, he expected those institutions to take a leading role in promoting world recovery from the economic effects of war.* Instead, they have been restricted to analyzing for others the difficulties involved in recovery; discouraging erratic shifts in currency and gold values; and financing a limited number of development projects with small

*For summary of the great expectations of that period, see "Bretton Woods Monetary Conference—Plans and Achievements," *Foreign Policy Reports*, September 1, 1944.

loans. While Bank Chairman Maurice Petsche exclaimed on September 13 "we must be more ambitious," the tasks of the institutions will remain limited until the United States becomes firmly resolved to work through United Nations agencies, including the Bank and Fund, rather than by unilateral action or action limited only to a few nations.

The World Bank

Although the Bank is intended to be far more than a credit agency, its charter gives it lending powers for both reconstruction and development based on a potential capitalization of \$8,348,500,000. So far its members have paid in less than a tenth of their subscriptions, \$813,432,797. Stressing development above reconstruction, the Bank has loaned only \$716,600,000 (\$195,600,000 during the most recent bank year, September 1948-September 1949). While the fourth annual report submitted by President Black states that the Bank was established to "operate primarily in the post-transitional period," which has not yet arrived, it also raises doubts about the extent to which the Bank

will be able to promote development when that period comes. A year ago the Bank reported that the development of backward areas was to be its primary field of operation, but the current report dwells on impediments to the successful use of capital in those areas.

The World Fund

The chief purpose of the Fund is to promote the expansion of world trade on a multilateral basis by encouraging its members to maintain orderly exchange rates. To this end, it made eighteen purchases of foreign exchange, valued at \$119,500,000, from ten members during the past twelve months. It holds \$1,439,300,000 in gold and \$5,526,700,000 in currency. It polices the world gold market in order to hold the price to \$35 an ounce, as set by the United States. The fourth annual meeting saved itself from controversy in this field by voting to conduct a study of the gold problem after Union of South Africa Delegate Nicholas C. Havenga withdrew a resolution which would have authorized the sale of half the newly mined gold at the fixed price and half at

free market prices. The Fund proceeds by consultation rather than by taking binding action in most matters, and exchange restrictions persist, often for reasons beyond the reach of the Fund.

On September 15 the United States indirectly assisted the world toward the revival of multilateral trade, advocated by the Fund, when the Senate approved the act restoring to the President for three years the authority to reduce tariffs by negotiation of reciprocal trade agreements without Congress supervision. This act, while not fully adequate, will make operative the agreements recently concluded at Annecy, France, and should increase market opportunities in the United States for European producers, thus helping toward solution of the vexing dollar problem. The fact remains, however, that while the Washington Administration often heeds the counsel of the Fund and Bank, it prefers to implement their counsel by unilateral action rather than through the United Nations institutions themselves.

BLAIR BOLLES

Arab Refugee Opposition Stymies Clapp Mission

The report of the three-power* Conciliation Commission created by the UN General Assembly resolution of December 11, 1948 to achieve a "final settlement" in Palestine has yet to be made public. It is already clear, however, that modifications of the terms of that resolution will be required from the Assembly session that opened at Flushing Meadows on September 20. Once again events have outrun directives, and the commission has had to devise a new strategy giving priority to the Arab refugee problem over political questions of boundaries and the status of Jerusalem in order to break weeks of fruitless deadlock at the Lausanne conference.

Refugees and Reconstruction

The break came after a recess of several weeks at Lausanne in July when Israel, acting under urgent American pressure, made its offer to readmit 100,000 Arab refugees and the Arabs accepted the offer as a basis for discussion. This was an important shift in emphasis from political to human and economic aspects of the desired settlement. The Israeli offer was made in recognition of

an implied principle of proportional reallocation of refugees among Middle East countries able to absorb them physically if their reassimilation were underwritten financially. This principle recognized the bargaining power of the host countries but placed the refugees themselves in a new position as potential assets rather than liabilities. To countries as undeveloped and underpopulated as Syria, Arab Palestine, Jordan and Iraq this possibility suggested new means of economic salvation.

The appointment by UN Secretary-General Trygve Lie on August 26 of Gordon Clapp, chairman of the board of the Tennessee Valley Authority, to head a new economic survey mission for the UN Commission emphasized the technical approach to the task of increasing the agricultural potential of the Middle East through development of the area's water resources, thereby providing jobs for many displaced Arabs. Yet obvious political hazards threaten even this approach. The linking of refugee employment with supra-national development projects involves Arab acceptance of a resettlement program—so far strongly opposed by large elements in every Arab state and by many of the refugees themselves. In his speech of

September 15 to the Middle East regional meeting of the Food and Agricultural Organization Mr. Clapp, recognizing this Arab opposition, shelved resettlement and indicated that his mission would concentrate on a works project for refugees.

Mr. Clapp's staff will also need the most discriminating skill to select development projects that are particularly relevant from such studies as those of the wartime Middle East Supply Center, the postwar United States agricultural missions to Syria and Lebanon, and reports of the mandate government and of Jewish Agency experts for Palestine.

The best the Middle East states can hope for from this survey, if they accept its findings, is to achieve eventual employment for the refugees they accept permanently, along with long-term aid on reclamation and irrigation in such potentially fertile areas as the western marshes of Syria, the Euphrates and Khabur valleys in Syria and Iraq, and the Jordan valley.

Obstacles to Regional Plans

Regional planning faces further serious obstacles. Thus any plan for the Jordan valley involves delicate political relationships between Jordan, Israel and Arab

*The three members of the commission are the United States, France and Turkey.

Palestine and will call for international guarantees of agreements reached on distribution of water and power which may prove very difficult to obtain. Here it will be necessary to deal with the bitterness and sense of injustice which still color the Arab attitude toward the United Nations.

An equally formidable obstacle is the lack of adequate legislation in Arab states on domestic water rights and land tenure. In the most promising countries for refugee resettlement—Syria, Jordan and Arab Palestine—water rights do not necessarily belong to the land to which they appertain physically but rather are the personal property of individuals. Whether UN representatives can win sufficient local support to alter this relic of the civil and land code inherited from Ottoman rule is a vital question. By comparison, even the tangled system of land tenure seems manageable.

There are, however, some hopeful signs that the overriding need for stability which now forces Arab governments to focus on economic problems may influence them to play an active role in the projected UN plan. Among Arabs, as elsewhere, Soviet pressure acts as a warning, driving more enlightened leaders to hasten social and economic reforms. Taxation is at last being taken seriously by Arab governments. Labor laws and public health measures receive increasing attention. Serious interest in the recent social welfare seminar held under UN auspices at Brummana, Lebanon; good attendance at regional meetings of the Food and Agricultural Organization (FAO) in Cairo and Beirut and at its statistical training school in Baghdad in 1948, pressure for International Labor Organization aid in training of manpower—all testify to growing awareness among Arab statesmen that they need disinterested outside assistance.

They face a dilemma, however, in accepting such assistance. Governments as shaky as those of Syria and Iraq, still struggling to replace the older generation of revolutionary nationalists, are under strong internal pressures to resist Western tutelage. (The assassination of Marshal Husni Zayim in Syria on August 14 illustrates the risks run by advocates of direct action who lean too heavily on Western

powers, as Zayim apparently did on France.) At the same time attempts of the Arabs to strengthen themselves through political or economic federation have hitherto failed. A new trend eastward, toward economic alliance with Pakistan, may prove more significant. The conference of industrialists, engineers and government observers from eight Moslem countries scheduled for Karachi in November offers a chance to resolve some local rivalries within a wider circle. Symbolically, at least, it suggests an attempt to rely less on the West.

As the new UN mission moves into the present highly charged Middle East atmosphere it inherits, in addition to most of the problems of other UN agencies, a new financial problem. It also inherits, fortunately, the goodwill built up by the UN at Rhodes and at Lausanne. If it can evolve an acceptable economic plan for Arab resettlement, offering new alternative choices to the refugees who no longer wish to return to Israel, political questions of boundaries and of internationalizing Jerusalem seem susceptible of adjustment. By putting the human and economic problem first the UN conciliation commission has at least increased the chances for a constructive approach to the problems of the Middle East.

GEORGIANA G. STEVENS

(During the war Georgiana Stevens was a member of the research and analysis branch of the Office of Strategic Services. Since the war she has lived and traveled extensively in the Middle East.)

How Can We Strengthen UN?

For a penetrating analysis of the weaknesses of the United Nations and a constructive review of suggestions for its improvement, READ:

PROPOSALS FOR STRENGTHENING

THE UNITED NATIONS

by Professor Clyde Eagleton
of New York University

September 15 issue

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News in the Making

Britain's drastic devaluation of the pound will have far-reaching political repercussions. It may precipitate an *early general election* if the Labor government decides to ask for a new mandate before the revised price of sterling lowers Britain's standard of living through higher costs of food and raw materials imported from the Western Hemisphere. Chancellor of the Exchequer Sir Stafford Cripps, however, may want to wait for an increase in British export sales in dollar markets which is expected to relieve the sterling area reserve position. . . . Devaluation is bound to increase *trade union pressure for higher wages*. Railway workers, seeking a 10 shilling weekly pay rise (\$1.40 at the new rate of exchange, \$2 at the old), are already engaged in scattered "go slow" movements; 3 million shipyard and factory workers are asking for a £1 weekly raise (\$2.80 new rate, \$4 old). Since the desired effects of devaluation depend on resisting these demands, the political strength of the Attlee cabinet will be sorely tried among its own supporters. . . . On September 18, two days before the opening of the fourth session of the United Nations General Assembly at which the question of *the former Italian colonies* is one of the major issues on the agenda, the Emir Sayid Idris el-Senussi, proclaimed the independence of *Cyrenaica* and promulgated a new constitution which had been drawn up in consultation with Britain, Foreign relations, however, will continue under British control. . . . In the General Assembly the United States will support a plan to give full independence to a *united Libya* after an interim period when the local regime will be subject to the guidance of an international council. Assembly approval is anticipated, and Italy is expected to agree to this arrangement, its main concern being the protection of Italian special interests in Tripolitania. . . . There is less likelihood of a ready agreement about *Somaliland and Eritrea*, where the Western powers' proposals are for Italian trusteeship over the former and partition of the latter between Ethiopia and the Anglo-Egyptian Sudan.

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